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## Malaysia

## Tobacco and Products

## Annual

## 2004

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**Report Highlights:**

Tobacco has dropped from being America's second largest ag export item in 2002 to the fifth largest ag export item to Malaysia in 2003. Due to new import regulations, leaf imports plummeted in 2003. Outlook for leaf imports in 2004 is even less promising in order to meet the GOM's new requirement of using 70 percent domestic leaves. Post expects cigarette output to drop 7 to 8% in 2003.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Kuala Lumpur [MY1]  
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## Executive Summary

Tobacco has dropped from being America's second largest ag export in 2002 to the fifth largest ag export item to Malaysia in 2003. Imports of U.S. flue-cured leaves plummeted from 13,170 in 2002 to 3,872 MT in 2003. Imports of burley from the US also fell from 10,185 MT in 2002 to 1,276 MT in 2003. Mainly due the GOM's restriction on leaf imports and the GOM's new requirement of using 70 percent domestic leaves, US leaf exports are expected to dip even lower in 2004. In addition, the domestic cigarette market has not fully recovered from the hefty price increase in September 2003 following a hike in import tariff on cigarette and tobacco products.

Local output of flue-cured tobacco and burley rose to 11,691 MT and 1,835 MT respectively in 2003. The outlook for 2004 is bright with flue-cured leaf output forecast at 11,880 MT, against a given quota of 13,200 MT. Domestic burley output is expected to reach 1,500 MT in 2004.

Domestic cigarette output rose by 4.8% in 2003 due to an increase in domestic consumption as well as a jump in overseas demand for cigarettes. With the restriction on leaf imports and limited local leaf supply, Post expects cigarette output to drop in 2004. Imports of good quality cigarettes are expected to increase to replace the short supply.

On Sept 24, 2004, Malaysia signed the WHO's Framework Convention on Tobacco Control, a global initiative designed to reduce tobacco-related deaths and diseases.

Exchange rates: Pegged at US\$1.00 = RM3.799 since 1998.

## Tobacco, Unmfg., Flue Cured:

<b>PSD Table</b>						
<b>Country</b>	<b>Malaysia</b>					
<b>Commodity</b>	<b>Tobacco, Unmfg., Flue Cured</b>				(HA)(MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
<b>Market Year Begin</b>		01/2002		01/2003		01/2004
Area Planted	0	14390	0	13037	0	13100
Beginning Stocks	0	19202	0	20982	0	20815
Farm Sales Weight Prod	0	11304	0	11691	0	11880
Dry Weight Production	0	10175	0	10520	0	10700
U.S. Leaf Imports	0	13170	0	3872	0	3000
Other Foreign Imports	0	9764	0	6488	0	2000
TOTAL Imports	0	22934	0	10360	0	5000
TOTAL SUPPLY	0	52311	0	41862	0	36515
Exports	0	879	0	347	0	300
Dom. Leaf Consumption	0	7450	0	10300	0	12500
U.S. Leaf Dom. Consum.	0	13000	0	3900	0	3000
Other Foreign Consump.	0	10000	0	6500	0	2000
TOTAL Dom. Consumption	0	30450	0	20700	0	17500
TOTAL Disappearance	0	31329	0	21047	0	17800
Ending Stocks	0	20982	0	20815	0	18715
TOTAL DISTRIBUTION	0	52311	0	41862	0	36515

## Production

The local tobacco leaf sector improved in 2003. Better weather conditions resulted in an increase in harvested area. Yield per harvested hectare showed a 14 percent increase and the output of flue-cured tobacco rose to 11,691 MT in 2003. The total value of the 2003 crop was estimated at US\$42 million compared to US\$41 million in 2002.

The outlook for 2004 is bright. No adverse weather conditions were reported. A small increase in harvested area and a slight improvement in yields should push the flue-cured leaf output to 11,880 MT, against a given quota of 13,200 MT.

The following table provides a comparison of the domestic production quota and actual output of tobacco over the past ten years:

Year	Production Quota (MT)	Actual Output (MT)	Actual/Quota (Percent +/-)
1994	9,764	6,172	-36.8
1995	12,399	10,467	-15.6
1996	12,561	11,988	- 4.6
1997	13,300	11,444	-14.0
1998	14,160	11,361	-19.8
1999	14,400	7,817	-45.7
2000	15,100	7,259	-51.9
2001	15,100	8,299	-45.0
2002	15,100	11,304	-25.1
2003	13,000	11,691	-10.1
2004 1/	13,200	11,880	10.0

1/ Estimate

An increase in harvested area and average yield in CY2003 contributed to the increase in leaf output. The following table provides a comparison of output, area, and yields over the past 10 years.

Year	Output (MT)	Area (HA)		Yield (KG/HA)	
		Planted	Harvested	Planted	Harvested
1994	6,172	10,219	6,871	603	898
1995	10,467	10,525	9,889	994	1,058
1996	11,988	10,982	10,431	1,092	1,149
1997	11,444	10,790	10,148	1,060	1,127
1998	11,361	14,200	11,739	800	968
1999	7,817	18,522	8,328	422	1,065
2000	7,259	15,764	9,129	460	795
2001	8,299	15,972	8,863	520	936
2002	11,304	14,390	11,936	786	947
2003	11,691	13,037	10,879	897	1,075

### Consumption

The sharp drop in domestic consumption of flue-cured tobacco in 2003 was largely due the difficulty in getting permits for the importation of raw tobacco leaves. In addition, the domestic cigarette market has not fully recovered from the hefty price increase in September 2003 following a hike in import tariff on cigarette and tobacco products.

While tobacco manufacturers are keen to export more cut-fillers, GOM's new requirement of using 70 percent domestic leaves is expected to result in lower leaf consumption in 2004. The date of implementation was on January 1<sup>st</sup> 2004. With the further squeeze on imports of foreign leaves, Post expects the domestic consumption of flue-cured leaves to decline by 15 percent in 2004.

## Trade

Imports of U.S. flue-cured leaves plummeted from 13,170 in 2002 to 3,872 MT in 2003. The United States was still the top supplier, with a market share of about 37 percent. As mentioned above, the main reason was the difficulty in getting permits for the importation of raw tobacco leaves. Imports of other foreign leaf also suffered the same fate.

The prospect in 2004 is even dimmer with the GOM imposing the new requirement of using 70 percent domestic leaves in all domestically manufactured cigarettes as well as in the manufacture of cigarettes and tobacco products for export. Post expects imports to be halved in 2004.

Malaysia exports/re-exports of flue-cured tobacco , mainly to Australia and the Philippines, also experienced a significant drop in 2003.

## Trade Trends

Import volumes and values of Unmanufactured Flue-Cured Tobacco in CY2002 are provided below :

		2002 (Jan-Dec)	
		MT	Value (US\$)
1	U.S.A.	13,170	77,339,876
2	Brazil	2,747	7,524,041
3	Indonesia	2,020	5,805,635
4	Thailand	1,586	4,541,709
5	China	709	2,250,032
6	Zimbabwe	528	1,533,551
7	Switzerland	508	2,563,871
8	Canada	263	934,579
9	India	243	487,492
10	Spain	178	498,106
11	Pakistan	169	216,045
12	Argentina	165	515,033
13	Philippines	129	243,885
14	Italy	114	517,008
15	Vietnam	97	259,755
16	Turkey	86	232,701
17	Kenya	74	109,105
18	U.A.E.	62	72,704
19	Australia	54	143,709
20	Malawi	21	104,674
21	Netherlands	5	16,431
22	Germany, FR	5	33,673
	<b>-- Total</b>	<b>22,934</b>	<b>105,943,614</b>



## Trade Trends

Import volumes and values of Unmanufactured Flue-Cured Tobacco in CY2003 are provided below:

		<b>2003 (Jan-Dec) Total</b>	
	Country	MT	Value (US\$)
1	U.S.A.	3,872	28,851,057
2	Indonesia	1,510	4,765,186
3	Brazil	1,336	3,979,190
4	Thailand	530	1,693,710
5	Vietnam	503	1,339,954
6	Switzerland	426	2,929,248
7	China	319	647,941
8	India	281	692,560
9	Philippines	253	511,741
10	Zimbabwe	246	960,861
11	Belgium	231	1,677,487
12	Pakistan	210	315,421
13	Australia	152	551,945
14	Canada	141	707,349
15	Italy	82	353,618
16	Cambodia	79	140,699
17	U.A.E.	72	119,949
18	Taiwan	59	543,942
19	Spain	40	110,832
20	Egypt	10	24,207
21	Germany, FR	8	61,765
	<b>--Total</b>	<b>10,360</b>	<b>50,978,666</b>

## Import Trade Matrix for Tobacco, Unmfg, Flue-Cured

Import Trade Matrix			
Country	Malaysia		
Commodity	Tobacco, Unmfg., Flue Cured		
Time Period	Jan-Dec	Units:	Metric Ton
Imports for:	2002		2003
U.S.	13170	U.S.	3872
Others		Others	
Brazil	2747	Indonesia	1510
Indonesia	2020	Brazil	1336
Thailand	1586	Thailand	530
China	709	Vietnam	503
Zimbabwe	528	Switzerland	426
Switzerland	508	China	319
Canada	263	India	281
India	243	Philippines	253
Spain	178	Zimbabwe	246
Pakistan	169	Belgium	231
Total for Others	8951		5635
Others not Listed	813		853
Grand Total	22934		10360

## Export Trade Matrix for Tobacco, Unmfg, Flue-Cured

<b>Export Trade Matrix</b>			
<b>Country</b>	Malaysia		
<b>Commodity</b>	Tobacco, Unmfg., Flue Cured		
Time Period	Jan-Dec	Units:	Metric Ton
Exports for:	2002		2003
U.S.		U.S.	
Others		Others	
Australia	835	Australia	112
Paraguay	23	Philippines	106
Philippines	21	Belgium	99
		Thailand	18
		China	10
		Germany FR	2
Total for Others	879		347
Others not Listed			
Grand Total	879		347

**Stocks**

While there is a slight increase in the volume of local leaves in storage for the 'maturing' process, manufacturers are working down stocks during 2003. The stock level should continue to drop in 2004 with the tight supply of foreign leaves.

**Policy**

## Production policy

In order to prepare the farmers to face the eventual removal of tariff protection under the ASEAN Free Trade Area (AFTA) in 2010, the GOM restructured the tobacco industry. Since January 1, 2004, tobacco manufacturers are required to use 70 percent domestic leaves in all domestically manufactured cigarettes as well as in the manufacture of cigarettes and tobacco products for export.

In addition, the manufacturers will bear the cost of a special Incentive of RM2.00 for every kg of tobacco produced by the tobacco curers and grower-curers. It is estimated that the exercise may cost the manufacturers up to RM30 million (US\$7.9 million). Presently, the tobacco industry generates an annual income of US\$53 million for some 100,000 people in the rural sector.

### Tariff Changes

Import duties on imported tobacco leaves remain unchanged since Jan 1, 2002.

### Non-Tariff Barriers

All imports of flue-cured or Virginia tobacco must be approved by the Ministry of Primary Industries (MPI). While MPI has been quite lenient in granting permits in the past, at least one cigarette manufacturer has voiced difficulties in getting the requested volume in 2003. The industry is also concerned with the new requirements on the usage of local leaf in the manufacture of cigarettes/cut-fillers for the export market.

### Competitor Activities

Most competitor countries do little in the way of market promotion but use lower prices as a selling point.

## Tobacco, Mfg., Cigarettes:

<b>PSD Table</b>						
<b>Country</b>	<b>Malaysia</b>					
<b>Commodity</b>	<b>Tobacco, Mfg., Cigarettes</b>				(MIL PCS)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
<b>Market Year Begin</b>		01/2002		01/2003		01/2004
Filter Production	23500	23500	25300	24620	0	22770
Non-Filter Production	2600	2600	2800	2740	0	2530
TOTAL Production	26100	26100	28100	27360	0	25300
Imports	1657	1657	1400	2028	0	2500
TOTAL SUPPLY	27757	27757	29500	29388	0	27800
Exports	6925	6925	8000	7811	0	6000
Domestic Consumption	20832	20832	21500	21577	0	21800
TOTAL DISTRIBUTION	27757	27757	29500	29388	0	27800

**Production**

The Malaysian cigarette industry is dominated by British American Tobacco (M) Bhd (BAT) which accounts for 70 percent of the Malaysian cigarette market. JT International (the former R.J. Reynolds Tobacco Company Bhd) and Philip Morris share the remaining 30 percent.

Domestic cigarette output rose by 4.8% in 2003 due to increase in domestic consumption as well as a jump in overseas demand for cigarettes. The 2004 lookout for cigarette manufacturing is less promising with the restriction on leaf imports and limited local leaf supply. Post expects cigarette output to drop in 2004.

**Consumption**

In 2003, the top 4 brands sold in the country were Dunhill, Marlboro, Salem and Benson & Hedges. The cigarette companies have again expressed concern that high excise duty encourages smuggling of non-duty paid cigarettes into the country. The non-duty paid (contra-bands and counterfeit) cigarettes make up roughly 20-25 percent of the total cigarette market. Reportedly, the GOM is losing about US\$263 million in taxes due to such activities. The manufacturers are working with the GOM to require all cigarette packs sold in the country to feature a visible security marking in order to stem out the illegal cigarettes.

The estimate for cigarette consumption is only slightly higher in this current year despite the sharp hike in cigarette price. Post expects only one percent growth in the domestic consumption of cigarettes in 2004.

Younger Malaysians prefer to smoke American-blended cigarettes. With about half of the population below age 25, the demand for these cigarettes should continue to climb. The local market share for American-blend cigarettes has expanded from 38 percent in 1998 to close to 54 percent in 2003. Marlboro has overtaken Salem as the current leading American-blended cigarette brand. Other good sellers include Camel, Winston, Kent, Lucky Strike and Peter Stuyvesant. In the straight Virginia or English-blend segment, Dunhill and Benson & Hedges are the top brands.

### Prices

Following the hike in import duties on cigarettes and tobacco products, local manufacturers increased the cigarette price by RM0.40 to 0.70 (US\$0.11 to 0.18) per packet of 20. (The previous price increase was in Oct, 2001). Some representative cigarette prices are as follows (RM per pack of 20):

Cigarette Representatives	Prices
Benson (sp. Filter)	RM5.40
Rothmans International	RM5.60
Pall Mall Kings	RM5.70
Mild Seven King Size	RM5.40
Lucky Strike	RM5.60
Dunhill King Size	RM5.40
Player's Gold Leaf 100's	RM4.00
Peter Stuyvesant King Size	RM5.40
SE 555 Kings	RM5.40
Kent Kings	RM5.40
Marlboro King Size	RM5.40
Salem King Size	RM5.40
Camel (Regular)	RM5.60

## Trade

Imports of cigarettes rose 22 percent in 2003. Imports from China recorded substantial gains while imports of premium brands from Switzerland and Singapore also showed record increases. In general, very high Malaysian tariffs restrict imports of cigarettes for the local market. For example, a popular Japanese brand amongst the Japanese expatriates living in Malaysia is being produced in Malaysia instead of being imported from Japan. However, with the restriction on the imports tobacco leaf, post expects cigarettes imports to show big increases in the near term. Imports of American and European cigarettes are destined for the higher-priced specialty shops. Imports of 'kretek' cigarettes from Indonesia also recorded a small increase.

Imports of cigarettes by volume and value in CY2002 are listed below:

		2002 (Jan-Dec)	
		MT	Value (US\$)
1	U.S.A.	57	904,116
2	China	445	8,869,298
3	Hong Kong	309	5,546,492
4	Indonesia	266	3,548,670
5	Philippines	113	1,511,820
6	Singapore	104	1,796,987
7	Japan	100	1,353,482
8	U.K.	75	799,391
9	Switzerland	69	1,781,079
10	Germany	59	1,522,502
11	South Africa	54	751,556
12	Thailand	4	60,036
13	Vietnam	1	6,563
	<b>Total</b>	<b>1,657</b>	<b>28,451,991</b>



Imports of cigarettes by volume and value in CY2003 are listed below:

		2003 (Jan-Dec)	
		MT	Value (US\$)
1	U.S.A.	23	422,592
2	China	609	11,805,833
3	Hong Kong	276	5,264,521
4	Indonesia	270	4,280,361
5	Switzerland	214	5,981,454
6	Singapore	184	3,544,989
7	Japan	87	1,419,483
8	U.A.E.	69	1,404,414
9	U.K.	68	940,320
10	Philippines	57	455,737
11	Mexico	29	564,399
12	Iran	29	159,542
13	Taiwan	21	447,839
14	South Africa	17	446,275
15	Cyprus	15	102,497
16	Chile	15	359,477
17	Germany	12	310,259
18	Mauritius	12	241,324
19	Thailand	9	176,062
20	Solomon Islands	5	69,539
21	Romania	4	19,155
22	Vietnam	2	47,295
	<b>-- Total:</b>	<b>2,028</b>	<b>38,463,366</b>

Exports of cigarettes rose 13 percent to 7,811 MT in 2003 primarily due to a sharp increase in demand from Singapore, Hong Kong and Taiwan. Post expects cigarette exports to decline to 6,000 MT in 2004 due a smaller supply of imported leaves.

Exports of cigarettes by volume and value in CY2002 are listed below:

		2002 (Jan-Dec)	
		MT	Value (US\$)
1	U.S.A.	290	1,895,028
2	Singapore	1,585	36,852,268
3	Hong Kong	1,243	16,223,936
4	Taiwan	1,070	9,565,769
5	Philippines	624	12,419,870
6	Thailand	481	6,343,652
7	Indonesia	393	2,574,989
8	Brunei	297	8,108,304
9	Iran	169	747,551
10	Vietnam	91	2,261,927
11	Cambodia	88	925,694
12	Japan	83	855,973
13	U. A. Emirates	66	401,079
14	Kuwait	48	308,364
15	Maldives	39	379,619
16	Moldova	36	353,067
17	Loa, PDR	29	285,592
18	Panama	29	176,464
19	Nepal	23	209,464
20	China	22	306,182
21	South Africa	21	122,210
22	United Kingdom	18	234,832
23	Benin	18	83,042
24	Australia	15	253,597
25	Germany	11	44,934
26	Chile	10	64,409
27	Jordan	10	77,502
28	Kenya	9	54,158
29	Saudi Arabia	9	59,041
30	Ireland	8	92,029
31	Netherlands	8	72,702
32	Uruguay	7	40,106
33	Greece	7	35,543
34	Romania	5	35,117

35	Congo	4	42,351
36	India	4	50,415
37	Pakistan	4	16,363
38	Mauritius	2	20,964
39	Korea Rep.	2	22,030
40	Burma	2	36,134
41	Others	49	747,307
	<b>--Total</b>	<b>6,925</b>	<b>103,399,580</b>

Exports of cigarettes by volume and value in CY2003 are listed below:

		2003 (Jan-Dec)	
		MT	Value (US\$)
1	U.S.A.	202	1,627,687
2	Singapore	1,970	41,587,569
3	Hong Kong	1,654	16,571,323
4	Taiwan	1,554	11,681,179
5	Philippines	641	10,549,097
6	Thailand	369	6,388,320
7	Brunei	304	9,625,751
8	Iran	267	1,407,287
9	Vietnam	103	2,950,281
10	Indonesia	95	1,866,890
11	U.A. Emirates	75	434,268
12	Maldives	66	602,398
13	China	60	864,936
14	Benin	56	196,672
15	United Kingdom	55	844,079
16	Saudi Arabia	45	317,543
17	Japan	38	506,081
18	Australia	37	520,884
19	Germany	34	215,073
20	Panama	22	137,945
21	India	21	189,805
22	Cambodia	17	229,889
23	Kuwait	16	114,230
24	New Zealand	14	82,033
25	Italy	13	207,552
26	Nepal	13	103,288

27	Belize	10	188,496
28	Djibouti	9	53,766
29	Greece	9	35,204
30	Kenya	9	54,142
31	Loa, PDR	8	82,768
32	Nigeria	4	23,769
33	Puerto Rico (U.S.)	3	21,055
34	Switzerland	3	1,621
35	Korea Rep.	3	58,959
36	France	3	41,195
37	Fiji	1	42,752
38	Burma	1	15,011
39	Bangladesh	1	5,136
40	Netherlands	1	9,755
41	Others	7	245,630
	<b>-- Total</b>	<b>7,811</b>	<b>110,701,317</b>

## Export Trade Matrix for Tobacco, Mfg, Cigarettes

<b>Export Trade Matrix</b>			
<b>Country</b>	Malaysia		
<b>Commodity</b>	Tobacco, Mfg., Cigarettes		
Time Period	Jan-Dec	Units:	Metric Ton
Exports for:	2002		2003
U.S.	290	U.S.	202
Others		Others	
Singapore	1585	Singapore	1970
Hong Kong	1243	Hong Kong	1654
Taiwan	1070	Taiwan	1554
Philippines	624	Philippines	641
Thailand	481	Thailand	369
Indonesia	393	Brunei	304
Brunei	297	Iran	267
Iran	169	Vietnam	103
Vietnam	91	Indonesia	95
Cambodia	88	U.A. Emirates	75
Total for Others	6041		7032
Others not Listed	594		577
Grand Total	6925		7811

## Import Trade Matrix for Tobacco, Mfg, Cigarettes

Import Trade Matrix			
Country	Malaysia		
Commodity	Tobacco, Mfg., Cigarettes		
Time Period	Jan-Dec	Units:	Metric Ton
Imports for:	2002		2003
U.S.	57	U.S.	23
Others		Others	
China	445	China	609
Hong Kong	309	Hong Kong	276
Indonesia	266	Indonesia	270
Philippines	113	Switzerland	214
Singapore	104	Singapore	184
Japan	100	Japan	87
United Kingdom	75	U.A. Emarates	69
Switzerland	69	United Kingdom	68
Germany	59	Philippines	57
South Africa	54	Mexico	29
Total for Others	1594		1863
Others not Listed	6		142
Grand Total	1657		2028

## Policy

## Marketing Policy

On Sept 24, 2004, Malaysia signed the WHO's Framework Convention on Tobacco Control, a global initiative designed to reduce tobacco-related deaths and diseases. With immediate effect, all forms of cigarette advertising will not be allowed with an exception for advertising in a few sports such as the Formula One racing which will be permitted until 2006.

## Tariff Changes

Effective Sep 12, 2003, the import and excise duties on cigarettes and other tobacco products have been increased by 20% from RM216 (US\$56.84) /kg to RM259 (US\$68.16) /kg and RM48 (US\$12.63) /kg to RM58 (US\$15.26) /kg, respectively.

## Import Requirements

All cigarette packages are required by the GOM to carry the warning: Amaran Kementerian Kesihatan Malaysia-merokok membahayakan kesihatan ("Warning by the Malaysian Ministry of Health-smoking endangers health"). Labels must also state that the levels of tar and nicotine are below the allowable maximum levels. Where the container is a packet which is a rectangular block in shape, the words shall be placed on either side panel of the packet. The words shall be in block letters of not less than 3mm in height and in the same color and

background as the name of the brand. If the words appear on a label, the label shall be securely affixed to the container. This rule applies to imported as well as domestically manufactured cigarettes.

## Tobacco, Unmfg., Total:

<b>PSD Table</b>						
<b>Country</b>	<b>Malaysia</b>					
<b>Commodity</b>	<b>Tobacco, Unmfg., Total</b>				(HA)(MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
<b>Market Year Begin</b>		01/2002		08/1901		01/2004
Area Planted	14390	15579	11000	14345	0	14500
Beginning Stocks	19202	20658	21135	22606	20135	21910
Farm Sales Weight Prod	11468	13012	12000	13526	0	13850
Dry Weight Production	10320	11710	10800	12175	0	12470
U.S. Leaf Imports	13170	23355	11000	5148	0	4000
Other Foreign Imports	9764	16320	8000	12014	0	6000
TOTAL Imports	22934	39675	19000	17162	0	10000
TOTAL SUPPLY	52456	72043	50935	51943	20135	44380
Exports	871	1277	700	1071	0	1000
Dom. Leaf Consumption	7450	8430	10300	11800	0	12800
U.S. Leaf Dom. Consum.	13000	23180	12000	5148	0	4000
Other Foreign Consump.	10000	16550	7800	12014	0	6000
TOTAL Dom. Consumption	30450	48160	30100	28962	0	22800
TOTAL Disappearance	31321	49437	30800	30033	0	23800
Ending Stocks	21135	22606	20135	21910	0	20580
TOTAL DISTRIBUTION	52456	72043	50935	51943	0	44380

**Production**

The state of Sabah in East Malaysia remains the main burley growing area in Malaysia followed by the states of Kelantan and Perlis in the Peninsula. Total area rose from 1,189 hectares in 2002 to 1,308 hectares in 2003. Domestic burley output rose to 1,835 MT in 2003, reflecting an increase in planted area. Yield per hectare dropped from 1,437 kg/ha in 2002 to 1,403 kg/ha in 2003. For 2004, farmers plan to increase planted area and Post expects domestic burley output to increase to 1,400 MT.



Summary for area and production for Flue-cured and Burley

Year	2001	2002	2003	2004 1/
AREA (Hectares)				
Flue-Cured	15,972	14,390	13,037	13,100
Burley	832	1,189	1,308	1,400
--TOTAL	16,804	15,579	14,345	14,500

Year	2001	2002	2003	2004 1/
PRODUCTION (Metric Tons)				
Flue-Cured	8,299	11,304	11,691	11,880
Burley	1,096	1,708	1,835	1,970
--TOTAL:	9,395	13,012	13,526	13,850

1/ Estimate

### Consumption

As in the flue-cured sector, the requirement of using 70 percent of domestic tobacco leaf will affect the decline in burley usage in the near term.

### Trade

Imports of burley and oriental dropped sharply from 16,471 MT in 2002 to 6,802 MT in 2003 largely due to the restrictions on imports. Imports from the US fell from 10,185 MT in 2002 to 1,276 MT in 2003. Burley and oriental imports are expected to continue to decline in 2004.

In 2003, Malaysia exported/re-exported 724 MT of burley, mainly to Australia, Thailand and the Philippines.

Imports volumes and value of Total Unmanufactured Tobacco CY2002 are provided below:

		Jan -Dec 2002	
		MT	Value (US\$)
1	U.S.A.	23,355	141,664,716
2	Thailand	3,605	11,924,222
3	Brazil	3,006	8,552,500
4	Indonesia	2,770	7,561,009
5	Switzerland	1,271	9,565,197
6	Turkey	1,245	5,772,628
7	China	1,192	3,754,968
8	Malawi	745	2,485,557
9	Zimbabwe	528	1,533,551
10	Canada	263	934,579
11	India	243	487,492
12	Spain	198	557,522
13	Italy	191	998,366
14	Argentina	182	575,160
15	Pakistan	169	216,045
16	Germany, FR	143	541,589
17	Philippines	129	243,885
18	Vietnam	117	311,422
19	Greece	112	812,475
20	Kenya	74	109,105
21	U.A.E.	62	72,704
22	Australia	54	143,709
23	Netherlands	18	69,891
24	France	2	4,519
	<b>--Total</b>	<b>39,675</b>	<b>198,892,810</b>

Imports volumes and value of Total Unmanufactured Tobacco CY2003 are provided below:

		Jan -Dec 2003	
		MT	Value (US\$)
1	U.S.A.	5,148	39,191,815
2	Indonesia	2,298	7,335,765
3	Brazil	1,840	5,675,729
4	Thailand	1,666	6,075,186
5	Turkey	1,117	4,155,374
6	China	1,019	4,031,354
7	Switzerland	674	4,999,986
8	Belgium	567	4,446,279
9	Vietnam	503	1,339,954
10	Philippines	464	1,192,428
11	India	281	692,560
12	Zimbabwe	247	965,223
13	Pakistan	210	315,421
14	Greece	168	1,366,119
15	Australia	154	564,477
16	Italy	143	738,880
17	Canada	141	707,349
18	Germany, FR	104	736,556
19	British Virgin Islands	86	274,408
20	Cambodia	79	140,699
21	U.A.E.	72	119,949
22	Taiwan	59	543,942
23	Argentina	43	135,582
24	Spain	40	110,832
25	Montenegro	13	40,596
26	Egypt	10	24,207
27	Bulgaria	10	56,280
28	Mexico	3	18,016
29	Singapore	1	29,909
	<b>--Total</b>	<b>17,162</b>	<b>86,024,877</b>

## Import Trade Matrix for Tobacco, Unmfg., Total

Import Trade Matrix			
Country	Malaysia		
Commodity	Tobacco, Unmfg., Total		
Time Period	Jan-Dec	Units:	Metric Ton
Imports for:	2002		2003
U.S.	23355	U.S.	5148
Others		Others	
Thailand	3605	Indonesia	2298
Brazil	3006	Brazil	1840
Indonesia	2770	Thailand	1666
Switzerland	1271	Turkey	1117
Turkey	1245	China	1019
China	1192	Switzerland	674
Malawi	745	Belgium	567
Zimbabwe	528	Vietnam	503
Canada	263	Philippines	464
India	243	India	281
Total for Others	14868		10429
Others not Listed	1452		1585
Grand Total	39675		17162

## Export Trade Matrix for Tobacco, Unmfg., Total

<b>Export Trade Matrix</b>			
<b>Country</b>	Malaysia		
<b>Commodity</b>	Tobacco, Unmfg., Total		
Time Period	Jan-Dec	Units:	Metric Ton
Exports for:	2002		2003
U.S.		U.S.	
Others		Others	
Australia	1125	Australia	394
Vietnam	74	Thailand	282
Philippines	31	Philippines	172
Singapore	24	Belgium	158
Paraguay	23	Singapore	50
		China	11
		United Kingdom	2
		Germany FR	2
Total for Others	1277		1071
Others not Listed			
Grand Total	1277		1071